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## Communicating the value of employee benefits: the effect on graduating college students' decisions to accept employment

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Communicating the value of employee benefits: The effect on  
graduating college students' decisions to accept employment

by

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A thesis submitted to the graduate faculty

In partial fulfillment of the requirements for the degree of

MASTER OF SCIENCE

Major: Industrial Relations

Major Professor: James D. Werbel

Iowa State University

Ames, Iowa

2001

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Graduate College  
Iowa State University

This is to certify that the Master's thesis of  
  
Melody Renee Jennings  
  
has met the thesis requirements of Iowa State University

Signatures have been redacted for privacy

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## INTRODUCTION

Recruiting top candidates is a challenge in today's market because of the low unemployment rate and changing labor force demographics. Many organizations consider benefit packages an important recruitment tool and are therefore adjusting their benefits to entice members of the new labor force. Many employers are offering more nontraditional benefits, such as flextime, on-site child care and convenience services, along with the traditional medical, dental, and life insurance benefits, in an effort to attract new employees (Conroy, Caldwell, Buehrer, and Wolfe, 1997; Elswick, 2000; Fandray, 2000; Fletcher, 2000; Gunsaultey, 2001; Hignite, 1999; Milligan, 1998; 1999; Wojcik, 1998; Training & Development, 1999). Organizations are spending increasing amounts on employee benefits as well. Whereas benefits totaled approximately 28 percent of payroll in 1972 (Freeman, 1972), they were equal to 42 percent of payroll in 1996 (U.S. Chamber of Commerce, 1996). The current failure of employers to effectively communicate the value of these benefits to potential employees, however, is resulting in the inability to maximize the potential return on their investment.

The Employee Benefit Research Institute's "America in Transition: Employee Benefits for the Future," concluded that workers' ignorance of their job benefits is an area of human resources that needs to be addressed (American Demographics, 1987). Not only does benefit communication need to be examined further, but relating benefits communication to recruitment will provide information that has been neglected in past research. Even though there has been some research on the need to better communicate benefits, most of the studies date in the 1970's and only two papers addressed the need of tailoring methods of communication to more effectively recruit desired employees

(Hettenhouse, Lewellen, Lanswer, and James, 1975; Fletcher, 2000). The past research has also failed to differentiate between the impact of benefit communication of traditional and nontraditional benefits.

This paper will specifically focus on recruitment and will differentiate between the effects of benefit communication of traditional, as well as nontraditional benefits. This was accomplished by administering three different surveys to graduating seniors with three different levels of benefit communication. The surveys asked them to judge how much of an effect a particular benefit would have on their decision to accept or reject a job offer when they are offered two jobs at “similar pay.” The first survey simply listed the benefit, whereas the second survey supplied a brief description of each benefit. The third survey listed the benefit, supplied a description, and provided the total cost of the benefit and the employee’s cost. Utilizing the results of this survey, this paper will further present research by showing the level of effect communication of benefits has on graduating seniors’ decision to accept or reject a job offer. It will also determine if there is a difference in the preference for traditional and nontraditional benefits, and how the amount of information provided affects this preference.

This paper will show how the current labor force demographics are changing and explain the implication of the changing workforce on today’s employees’ desired benefits. It will then explain that the potential return on the investment organizations make in employee benefits are not being fully realized. Past research suggests that applicants and employees do not adequately understand the value of employee benefits that results in a failure of the employer to achieve the goal of more effective recruitment, increased retention, and increased job satisfaction. The purpose of this paper therefore is

to focus on recruitment and how communication of benefits can aid the employer in recruiting the individuals they want.

## LITERATURE REVIEW

### *Changing Work Demographics*

As previously stated, the current workforce demographics have changed dramatically from preceding years. The pool of young workers will be smaller than in the past when the baby boomers were a large portion of the workforce. This will result in increased competition to attract these young individuals entering the workforce (Conroy, Caldwell, Buehrer, and Wolfe, 1997; Macalister, 1994). According to the Bureau of Labor Statistics, the rate of labor force growth will decline, from a 2 percent per year increase for the 1976-88 period to 1.2 percent for the period between 1988 and 2000 (Dreyfus, 1990).

Because of the changing work demographics, the types of benefits employees seek today are changing as well. Benefits have traditionally been geared toward the white male with a stay-at-home wife and children (Laurence Baker, 1991). With a member of the family not working, there was more time available to take care of the children and to tend to household tasks. Therefore, benefits consisted of traditional benefits, such as medical, dental, disability, and life insurance. Nontraditional benefits such as on-site conveniences were not offered.

However, because the married single wage earner now makes up less than 20 percent of the workforce, employers are beginning to see the need to expand their benefit packages (Laurence Baker, 1991). Today, organizations are comprised of women, dual-earning couples, single parents, and minorities. Women of childbearing age are 74 percent of the female labor force and the fastest growing segment of the workforce is women with children under the age of six (Caross, 1989; Fullerton, 1993). Only 32



percent of those entering the workforce will be white men (Dreyfus, 1990). The changing work demographics, as well as the changing desires of those entering the workforce, are the catalysts for the change in benefits. The desires of those in today's workforce differ because there is less emphasis on revolving one's life solely around work. This is increasingly important for the younger workers whose parents were terminated after dedicating years to an organization and at times neglecting their families or social life, life outside of work that allows time for themselves, their families, and their communities (Macalister, 1994). They tend to be wary of Social Security benefits because of the uncertainty of future benefits, which leads them to concentrate more on investing for their retirement themselves (Clement, 1999). The nontraditional benefits, such as flexible work arrangements, telecommuting, portable retirement plans, and corporate sponsored day-care centers, tend to reflect this change in worker demographics.

Because of the decrease in employees aged 25-44, and the current low unemployment rate, organizations are having difficulty attracting "young blood" (Miner, 1998). The 1999-2000 recruiting season was even more competitive than those that preceded it. 62 percent of field services directors cited competition as their main concern with college recruiting (Nagle and Bohovich, 2000). Employers are viewing these changing demographics and increased competition important in determining what benefits to offer. Work/life benefits are used as an avenue to attract younger, mostly childless employees and benefits, and benefits such as flextime and child care are being implemented to attract the women who entering the workforce at a greater rate than in previous years (Wojcik, 1998; Dreyfus, 1990). Wojcik (1998) found that the most popular benefits to employees over 40 years old were more likely to want pre-retirement

counseling and financial counseling; while those under the age of 40 were comfortable and attractive work spaces, flextime, telecommuting, and job sharing.

Implementing new benefits and altering current benefit plans will cost money and employers may question the value of increased spending on new employee benefits program when it is unknown if benefits are considered important by the emerging labor force. Past research has shown that they are. Studies have found that younger workers are examining benefits when deciding which job offer to accept (Business Insurance, 1999). Poulson (1999) stated, "I think (work/life initiatives) are top on their (younger workers) plate today-sometimes more than compensation" (p. 10). Other research has supported this claim. A recent poll conducted by Fortune magazine found that the younger employees want to spend less time at work and the majority of the respondents said the work environment is more important than salary (Macalister, 1994). Employers are realizing that financial incentives are only part of the package that is necessary to recruit the top talent (Koss-Feder, 1999). Arciszewski, marketing director for Mass Mutual Retirement Services, feels that the younger employees are very "savvy" about benefits (Clement, 1999). Because of this, and the new employees' greater tendency to job-hop, employers must offer the desired benefits and effectively communicate their value to the potential employees to more effectively recruit and retain employees (Koss-Feder, 1999).

#### *Nontraditional or Work/Life Benefits*

Significant recent research has proposed that because of the changing demographics of the workforce, employers should modify their traditional benefits in order to effectively recruit, attract, and retain employees (Milligan, 1999; Conroy,

Caldwell, Buehrer, and Wolfe, 1997). These new benefits have often been called work/life benefits because they allow employees the opportunity to better balance their work and life outside of work. Even though these benefits traditionally focused on allowing people with families the opportunity to spend time away from work, today employers are offering benefits that attract younger, mostly childless employees (Wojcik, 1998). One common example of a convenience or work/life benefit is flextime. Flextime refers to the benefit allowing employees to choose their starting and quitting times within a certain guideline, such as requiring employees to work eight hours anytime between the hours of 6:00 am and 8:00 pm (Conroy, Caldwell, Buehrer, and Wolfe, 1997). Conroy et al. (1997) found that recruitment is enhanced if an employer implements flextime. They also found it resulted in increased morals, and reduced absenteeism, tardiness, and turnover. Other examples of work/life benefits include eldercare and childcare, employee assistance programs (EAP), telecommuting, on-site conveniences, such as dry-cleaning and convenience stores, fitness centers, and massage services. Most of these benefits are not as expensive as traditional benefits, such as medical insurance, which makes them more attractive to organizations (Wojcik, 1998).

Companies may offer discounted service or a location that provides child and elder care services. Some organizations allow employees the opportunity to work from home or have flexible work arrangements. On-site convenience stores and dry cleaning facilities allow employees to buy items on the premises and have clothes dry-cleaned without having to leave work early. Fitness centers and massage allow employees to reap the rewards of exercising during a lunch hour or prior to work, while massage services relax employees during a tense day at work.

These benefits not only result in more effective recruitment efforts, but also help keep employees more focused and productive at work because they are allowed the opportunity to balance their home and work life (Wojcik, 1998). The work/life benefits are thought to increase job satisfaction and retention and decrease absenteeism as well (Hignite, 1999).

Employers are already realizing the advantage of offering these benefits. According to Hewitt's annual survey of 1,020 U.S. employers, the number of organizations that are offering work/life benefits is increasing. Seventy-seven percent of employers are offering flexible work arrangements, an increase of 17 percent since 1993. There is also an increase in the number of employers offering childcare, elder care, tuition assistance, and dependent-care spending accounts. Because many employers are beginning to alter their benefit plans, it is imperative that other employers begin offering work/life benefits in order to effectively compete for talent in today's job market (Training & Development, 1999).

As many organizations are changing the types of benefits they offer, it is important to continually evaluate their effectiveness. This can be done partly by determining if these work/life benefits are still desired by graduating seniors seeking employment. Because of the changing workforce demographics, it is proposed that nontraditional benefits will be deemed more important by graduating seniors than traditional benefits when offered two positions at similar pay. Thus,

H<sub>1</sub>: Graduating seniors will deem nontraditional benefits as more important than traditional benefits when deciding between two jobs of similar pay and all other things equal.

### *Communication of Benefits*

Not only is it crucial to better cater benefits to the job-seeker, it is important to educate the applicants on the benefits they will be receiving to ensure they understand the value of the benefits to the total compensation package. Benefits will fail to attract the desired employees unless the recruit is fully aware of the benefits offered and understands the benefit program's content (Haar & Kossack, 1990). Research has shown that even though employees list benefits as an important reason for working, many cannot name all of their benefits, let alone completely understand them (American Demographics, 1987).

A study conducted by Sloane and Hodges (1968) found that employees lacked adequate knowledge of their benefits (Huseman and Hatfield, 1978). They conducted a survey on 174 white-collar workers in a large organization that was investing \$300 million each year in benefits and found that their knowledge was "less than brilliant." Holley and Ingram (1973) found similar results when studying two medium-sized plants of two international companies. They concluded that employees are not well-informed of benefits offered to them by their employers. The results showed respondents were not aware of all of the benefits offered to them; let alone what the value of the benefits were (Holley and Ingram, 1973).

Many companies do provide information on the benefits they offer, but it is not often easily understandable by the average employee. When a salary offer is made to the potential employee, if not before, written communication on the benefits is often provided. Some research has shown, however, that this written communication is most likely insufficient because the wording is too complex for the average employee to



understand (Haar and Kossack, 1990). Haar and Kossack (1990) utilized the cloze procedure to measure comprehensibility of written material. The results indicated that employees found written communication of benefits clearly incomprehensible to barely comprehensible, with guidance. If companies simply provide their applicants with this written communication and do not assist them in understanding the benefits' value, the goal of the organization will likely not be realized.

Not only are employees unaware of the benefits being provided to them, they do not have full knowledge of the worth of the noncash benefits either. Hettenhouse, Lewellen, Lanswer, and James (1975) administered a survey to 300 individuals in management to measure perception of actual dollar replacement costs for common benefits offered. The researchers found that approximately one-third of the respondents believed the cost of providing their own pension plan was lower than it actually is. About one-half of those surveyed placed a lower than actual value on deferred pay, profit-sharing, extra vacation time, and stock options, while four out of five misperceived the worth of company-provided life insurance. Because of this lack of awareness, and the employee or potential employees' failure to appreciate the value of employee benefits, it is evident why organizations are not reaping the rewards of increased spending on employee benefits.

Because of employees' inability to understand the complexity and value of the benefits they are provided, it is apparent it is not only important to provide these benefits, but crucial to effectively communicate them in order to sell the candidates on the advantages of working for the company (Fletcher, 2000). A survey conducted by Menlo Park, a California-based temporary staffing service Accountemps, on 150 human

resources and director-level executives from Fortune 1000 companies in the United States, found that 98 percent of respondents believed that selling candidates on the advantages of a company is more important today than three years ago. Companies are now being urged by some consultants to communicate the benefits during the interview as a means of recruitment (Fletcher, 2000). Not only is it important for job seekers to understand the company's benefits, it is crucial for the employer to show how the benefits align with the needs of the prospective employees. Sherman, of Buck Consultants Inc., believes that the presentation of a benefit is even more important than the benefit itself (Fletcher, 2000).

Some scholars have advocated better communication of benefits to help ensure a better return on their investment in employee benefits. Huseman, Hatfield, and Driver (1978) found that even though more than half of the respondents to their survey stated that their organizations place "high priority" on benefit communication, 65% of the organizations spent no more than \$10 per employee on this type of internal communication. They also found that the methods being used most frequently by organizations are not the most effective. They recommended utilizing face-to-face communication as the most effective means of educating individuals on benefits. Hettenhouse, Lewellen, Lanswer, and James (1973) suggest providing current employees with a benefit-audit statement that shows the cash-equivalent value to the employee, not simply a record of the employer's contributions. To aid in recruitment, they suggest providing a statement that would show potential benefit earnings of a successful employee to applicants so they could envision what rewards they would be receiving.

This paper hopes to provide added support for the importance of providing information on benefits that will help justify the increasing amount of money being spent on them. Therefore:

H<sub>2</sub>: Graduating seniors who receive more information on benefits will deem the benefit as more important when deciding between two jobs of similar pay and all other things equal.

Employers are realizing that employees want to balance their work and family lives and are responding by increasingly offering these benefits. The question remains, however, are these benefits as important as past research has claimed the work/life benefits to be? Managers need to know if these benefits are accomplishing what they were designed to in order to continue implementing them. Experts advise employers to analyze the preferred benefits of their current employees, as well as those potential employees, the organization is trying to attract before implementing a change in benefit plans (Fandray, 2000; Wojcik, 1998).

This study seeks to better understand the demographics and benefit preferences of graduating students. The need to attract and recruit these workers continues and organizations must therefore alter their practices to ensure full utilization of the current workforce. Because of the low unemployment rate, the changing demographics, the increase in implementation of work/life benefits, as well as the importance placed on benefits by workers, it is important to better understand what benefits individuals entering the workforce are seeking and to determine the most useful method to communicate the value of these benefits to applicants.



## METHODS

### *Sample*

The sample of this survey was students of a large Midwestern university. 55 percent of the respondents were male, 70 percent under the age of 22, 72 percent graduate by December 2001, 89 percent were single, and 95 percent had no children. These statistics show that the respondents adequately represent the traditional student.

### *Procedure*

Classes in which to administer the survey were randomly selected by choosing at least one 400 level class from each of the colleges. 400 level classes were selected because it was thought they would have the greatest number of graduating seniors from whom the information was sought. The instructors were contacted via email and a follow-up phone call. The survey was administered to eight 400 level classes, one 300 level class, and one 200 level class, at the beginning of class, in all cases but two. In the 300 level class, the survey was administered after the lecture at the end of class. In the 200 level class, the survey was administered after the students returned the surveys given by the instructors. The 200 and 300 level classes were selected because of the high rate of seniors and the variety of majors in each class. The response rate was 100 percent of class attendees in every class but the 200 level class, in which it was approximately 80 percent. In total, 436 students completed the survey.

Every attempt was made to ensure that all of the colleges of the university were included in the sample. Even though the classes that were attended did not represent every college, the majors that were indicated on the surveys showed that each college was represented to varying degree.

### *Measures*

The surveys included a list of nontraditional and traditional benefits and asked the student to respond on a four-point scale how much of an effect each benefit would have on one's decision to accept a job when offered another at similar pay. A one indicated a great positive effect, two a moderate positive effect, three a minimal positive effect, and a four indicated no effect. The benefits were forced into a two-factor solution because it was assumed there were only two factors: traditional and nontraditional benefits. The alpha level of the nontraditional benefits was .77 and the alpha level for the traditional benefits was .80. Items 43, 44, 45, 46, 47, 56, 57, 59, and 60 were designated convenience; whereas 50, 51, 52, 53, 54, 58, 61, 62, 63, and 64 were designated traditional benefits. Items 42, 48, and 55 were removed based on factor analysis results. See appendix 1 for the corresponding benefit of each item number. See appendix 2 for factor analysis.

Three types of surveys were administered. The surveys were arranged prior to administration in order to ensure they would be evenly distributed in each class. Each survey listed the 23 benefits, but differed in the level of information that was provided. The first survey simply listed the benefits, while the second survey provided the benefit name along with a brief description of the benefit. For example, the first survey simply listed "401K Plan;" whereas, the second survey listed the item and provide the description "Employer sponsored retirement plan than lets participants match employer contributions." The third survey listed the benefit, the brief description, as well as a total monetary cost of the benefit and the cost to the employee. The third survey included the previously stated information about 401K and included "i.e. For every 1% of salary that

you contribute the employer contributes 2% up to a maximum total contribution of 15%. For a \$40,000 annual salary, the maximum employer contribution is \$4,000.” Another example would be the sample item “On-site legal assistance.” The first survey simply stated “On-site legal assistance” and the second survey included the description, “Employer sponsored legal assistance, such as consultations, drawing up wills, divorce, etc.” The third survey added the “total cost” of \$125 per hour and “your cost” of \$50. The total cost includes the employer and employee’s contribution that signifies how much the benefit is “worth” in dollar amounts. These costs were determined by contacting area businesses that supplied similar services and assigning an average dollar amount to the benefit for the nontraditional benefits. The traditional benefit costs, such as medical and dental insurance, were assigned the same cost value of the total cost of the benefit to a large employer in the area. The “your cost” for the traditional benefits priced at the employer’s cost were assigned the price of premiums paid by employees. For the nontraditional benefits that had a cost value, the “your cost” ranged from free to 80 percent of the total cost. Although the majority of the benefits were offered at an approximately 20 percent discount, some services such as the on-site fitness center, counseling sessions, and legal assistance were offered free of charge to the employee.

## RESULTS

A paired sample t-test was conducted to show if there was a difference in the type of benefit preferred by graduating seniors (Hypothesis 1). As indicated on table 2, the test yielded a t value of 25.188 showing that there is a significant difference between the preference of traditional and nontraditional benefits, with students strongly preferring traditional benefits in comparison to nontraditional benefits. The mean score for nontraditional benefit across all survey types is 2.1979 with a standard deviation of .5450, and the mean for traditional benefit is 1.5121 with a standard deviation of .4218. Given that the benefits deemed more important had a lower value, the results show that students view traditional benefits as more important when determining which job offer to accept. Therefore, hypothesis 1 is not supported. See appendix 3 for t-test.

A Oneway ANOVA test was conducted to determine if the type of survey affected the effect a type of benefit has on one's decision to accept a job offer when offered another at similar pay (Hypothesis 2). From table 3, the test yielded an F value of 5.245 for traditional benefits and 3.205 for nontraditional benefits therefore showing there is a significant effect in the difference of preferred benefits among survey types for both types of benefits. To determine the type of effect, a Post Hoc Analysis Student-Newman-Keuis was conducted. The first type of survey that merely stated the benefit name yielded a mean score for traditional benefits of 1.4825. For the second survey that offered a descriptor for each traditional benefit had a mean score of 1.4848. The mean score for the third survey that provided a descriptor and dollar value of the traditional benefit was 1.6236. Therefore, surveys three and one differ significantly, but two and one do not. The results show for the first type of survey that stated the benefit name for

the mean score of the nontraditional benefit was 2.4036. The second survey that offered a descriptor of the nontraditional benefit yielded a mean score of 2.3143. The results show for the third survey that provided a descriptor and dollar value of the nontraditional benefit the mean score was 2.2326. Therefore, the third and the first survey differed significantly with the second survey that provided descriptors yielding a mean score between the scores on the first and third survey. Given the benefits deemed more important had a lower value, the results show when students are provided more information on traditional benefits, they are less likely to deem the benefit as an important determinant in choosing between two jobs of similar pay. The reverse is true for nontraditional benefits, however. Therefore, hypothesis 2 was partially supported. See appendix 4 for Oneway ANOVA test.

## DISCUSSION

First, this study found that traditional benefits are still important to graduating seniors seeking employment. Secondly, the results show that communicating the monetary value of benefits affects graduating seniors' decisions to accept job offers, but this effect differs for traditional and nontraditional benefit types. This information can be utilized by employers to more effectively attract the top talent for their organizations. Because it is crucial to "sell" applicants to work for an organization, it is imperative that employers effectively communicate the value benefits they have spent significant funds on in the most effective way to receive a return on their investment. Showing this return is necessary in order to justify the increased spending on benefits.

As the results of hypothesis one show, traditional benefits are more important to graduating seniors seeking employment than nontraditional benefits. Even though past research showed that work/life benefits were important to recruits under the age of 40; these results show that perhaps traditional benefits are expected by graduating seniors, whereas the nontraditional benefits are considered "perks" (Wojcik, 1998; Macalister, 1994). Therefore if they were offered a position that had medical insurance and one that did not, recruits would be more apt to accept the position that provides the benefit because medical insurance is viewed as a necessity. However, flextime, although it may be desirable, is not a determining factor in deciding between job offers because it is not viewed as a necessity.

Traditional students may prefer traditional benefits to nontraditional ones because of the applicant's perceived utilization of the benefit. For example, an applicant who currently spends \$150 each week on daycare will likely deem an on-site daycare facility



at minimal cost as more important than a childless applicant. A study conducted by Haslinger and Sheerin (1994) found that different nontraditional benefits become important at different life stages. This may help explain why nontraditional benefits, such as on-site daycare, employee assistance programs, and on-site dry cleaning, were considered less important than traditional benefits when deciding between jobs. These may be benefits that traditional students do not have a strong need or desire for at this stage in their life.

Another possible reason for the preference of traditional benefits is that they are generally more expensive than nontraditional benefits that makes them more expensive to replace or purchase individually. This added expense for a benefit that is deemed necessary likely explains the students viewing traditional benefits as more important when deciding between two jobs of similar pay.

Because recruits continue to place importance on traditional benefits, it is not advisable that employers completely change the benefit plans they presently have in place. Instead, however, they should add nontraditional benefits to the present traditional benefits package in order to be the most successful in recruiting and retaining employees.

The results of hypothesis two show that it is important to communicate the monetary value of the nontraditional benefits, but communicating the monetary value of traditional benefits may prove counterproductive. One possible reason for this is that potential employees may perceive the traditional benefits as actually being worth more monetarily than they are. However, Hettenhouse et al. (1975) found that many of the employees actually perceived the value of their benefits to be less than they in fact were. This is therefore another area that should be explored further. Perhaps the level of

knowledge on benefits has changed in the last three decades. However, if applicants actually do perceive the monetary cost of benefits as being lower than it is, perhaps the reason they preferred traditional benefits more important when the cost was unknown was because the applicants view the cost of benefits as a tradeoff for direct compensation. Because the applicants may not see the immediate value of a traditional benefit such as life insurance or a retirement plan, they may prefer the employer provide the money as direct compensation that can be utilized at the employee's discretion than in a benefit the applicant may feel they do not need at this time in their life. However, if the applicant is determining how important the benefits is without the monetary information, this may not be a consideration. Economic theory supports the assumption of the negative wage/benefits trade-off (Ehrenberg and Smith, 1997). This theory asserts that employees pay for their own benefits. If employees receive more generous benefits, they receive lower wages. Ehrenberg and Smith (1997) propose that employees who are young and poor tend to prefer compensation packages that offer higher wages and fewer benefits; whereas employees with families with high incomes prefer more employee benefits that provide a relatively large tax savings. Because the perception of value of graduating seniors is unknown, additional research is needed in this area to better explain this surprising finding.

However, perhaps it is because of the sharply rising healthcare costs that recruits view health insurances, traditional benefits, as crucial because they know how much it would cost to pay for medical, dental, and optical services without insurance. In the state the study was conducted, state government healthcare costs increased 32 percent in the past year (2000 Health Care Cost Survey). It may be that graduating seniors are aware of



this sharp increase and therefore view health insurance as a necessity. They may not be thinking of how much it would cost to replace health, dental, and vision insurance, but thinking of how much the actual services would cost without insurance. Because graduating students have likely learned of the increase in healthcare costs and have likely not paid for medical services themselves, they may have inflated the cost of health insurance. This is assumed because traditional students are likely still dependents of their parents and therefore are probably not responsible for their own medical expenses. Because of the publicity increased healthcare costs have received and the students' unawareness of actual insurance costs, they may view traditional insurances as costing more than they actually do.

Another possible reason for student's likelihood to desire traditional benefits, such as medical and dental insurance is that society has stressed the importance of being insured. Since the graduates will be removed from their parent's policy, they feel obligated to receive insurance on their own and fear being forced to pay for the services without insurance. Society's pressure may be another reason for the inflated value students place on traditional benefits.

The nontraditional benefits, such as discounted fitness and legal services, and on-site convenience stores are most likely items that employees would purchase if necessary or desired, regardless of the employer's contribution. Knowing how much the employer would contribute to these purchases, recruits can easily determine how much money they are saving. This saving may actually be perceived as cash back to the employee because they are obtaining a discount for something that have likely paid full price for in the past.

The results showed the importance of communicating the monetary value of nontraditional benefits, such as an on-site dry cleaner, convenient store, and cafeteria. The next section will therefore focus on possible communication programs that can be utilized to effectively inform applicants and current employees on the value of benefits. It will also show that even though some organizations have realized the importance of benefit communication, many do not spend sufficient money on the programs.

### *Practical Applications*

First, it is important to target employee benefit packages to the desired applicants and current employees. It is therefore necessary for organizations to understand what the applicants they are seeking to attract desire in terms of benefit packages to justify increased spending and realize the goal of increased spending. Targeting benefits to the desired applicants at an affordable cost and avoiding expensive benefits that are not highly preferred is necessary to keep the benefit an asset instead of a liability (Haslinger and Sheerin, 1994). Conducting surveys, or continuing to refer to research on the desired applicant pool, such as graduating students in a particular major, can provide organizations with a clearer understanding of the preferred benefits.

In order for benefits to effectively attract and recruit employees, they must be effectively communicated to the applicants. Researchers have proposed various methods to communicate this information to employees and recruits. First, it is important to establish an objective and realize there is a need to spend the necessary money for this type of communication (Huseman, Hatfield, and Driver, 1978). Even though many organizations claim they place a “high priority” on benefits communication, 65 percent of the respondents in Huseman’s et al. (1978) study do not spend more than \$10 per

employee each year on communicating benefits to their employees. In order to justify increased spending on the proposed benefits to management and the drive to better the bottom-line, human resource professionals will have to offer desired benefits and effectively communicate the value of the benefits to employees.

As the results of this study show, recruits who are informed of the value of traditional benefits are less likely to place importance on the benefit than those who are merely provided the benefit name and/or the descriptor. However, when individuals are informed of the nontraditional benefits' monetary value, they are more likely to deem that benefit as important when deciding between positions offering similar pay. This leads to an ethical dilemma for organizations. Should they purposely withhold this information from potential employees because the recruit may perceive the traditional benefit to be worth more than it is, or should they realistically communicate the cost of all benefits? The individual organization must examine their objectives and culture to answer this question. For example, if the management's culture is to fully disclose all information, employees may be upset if they are misled about the value of traditional benefits. However, if the employee's perceive a benefit to be "worth" a certain value, does the actual cost to the organization matter? Regardless of how an organization answers these questions, it is still important that some changes be made in the communication of benefits to more effectively recruit.

#### *Current Situation and Recommendations for Future*

Currently employees are utilizing a wide variety of communication techniques, with booklets and brochures topping the list (88 percent of organizations), according to the study conducted by Huseman et al (1978). However, only 9 percent feel this type of

education is the most effective. 19 percent of the organizations felt that intermittent employee meetings were the most effective means of communicating the benefit, even though only 59 percent of organizations utilized this method. It is clear from Huseman's et al. (1978) results that face-to-face verbal communication is the most effective because personal counseling sessions closely follow the number one communication method (14 percent view as most effective).

Because face-to-face nonverbal communication is deemed very effective by organizations, it is important to educate recruiters on communicating the value of benefits to potential employees since this is the most significant contact the applicants have with the new organization. Utilizing visual aids to supplement the verbal communication and to facilitate the recruiter with communicating specific information would likely be beneficial. This communication and education could take place during a final interview or at the time the job offer is made. Communication of benefits, along with the salary offer, should be utilized to recruit potential employees. A survey should be administered immediately after the hire, to avoid confounding variables, on the new employees to empirically test how successful the communication was and to determine how important the benefits were on the decision to accept employment. This information, along with the results of surveys conducted on current employees, can be utilized to show the return on investment of the spending on benefits, as well as the benefits communication and education.

As written communication methods are still viewed as effective and are commonly utilized by organizations, it is necessary to determine how to better the comprehensibility of this style. Haar and Kossack (1990) recommend applying

readability and comprehensibility measures to their employee benefit communications. Holley and Ingram (1973) warn that the employees' reading ability must be taken into consideration when evaluating the comprehensibility because many employee benefits are quite complex. The availability of written communication is particularly useful when the recruiter does not verbally communicate the benefits and their value to the applicant.

Written communication of benefits is more important now than in previous years because of the access potential employees have to the employers' web page. This information is commonly looked at by potential applicants when conducting research on their potential employer. As the results suggest, employers may want to provide different levels of information for different types of benefits.

Going beyond simply providing a form of written communication, employers could provide a written analysis of the potential benefits an employee could likely receive if they utilized them. Hettenhouse, Lewellen, Lanswer, and James (1975) suggested utilizing this format for showing potential retirement benefits, but it could be used to show the cash value and substitution value of other benefits too, as in the third survey of this study. For example, an employee would see what the total worth of each vacation day and realize their cost of purchasing a meal at the on-site cafeteria as opposed to a off-site restaurant. Going one step beyond, the cost to replace the benefit for an individual could be provided to ensure the value was being better realized.

As this section indicates, educating recruiters on effectively communicating benefits in alignment with the organization's goals, ensuring written communication is comprehensible, and communicating future value of benefits can help employers more effectively recruit the qualified workers they are seeking.



## CONCLUSIONS

### *Limitations and Directions for Future Research*

In future research, other demographics of the labor force should be examined. One limitation of this study was that it merely described the “traditional” college student. Future studies should examine nontraditional students who have been employed full-time prior to seeking a job after graduation. Because of their greater experience in the working world, they may deem benefits more important when choosing to accept or reject a job offer because they see the value of the benefit. Also, including other demographics may show that employee’s that have one or more dependents or are married may deem certain benefits as having a greater effect on their decision to accept or reject a job, such as the dependent spending accounts and life insurance.

Another limitation of the study was that it merely asked the student to respond to a hypothetical job offer. Their responses may have been different if they forced to make a “real-life” decision. Other factors, such as location, size of the organization, and personal feelings about the organization and/or the potential co-workers, may come into the decision-making that could confound the results. Assuming everything else was similar, however, helped eliminate confounding variables. The respondent was therefore only asked to consider the benefit when determining the effect on a decision to accept a job offer.

A third limitation of this study is that it was conducted in a time of low unemployment (4.2 percent according to the Bureau of Labor Statistics of the U.S. Department of Labor on February, 2001) that makes recruiting students more difficult. During a time of higher unemployment, students may not be able to afford to be as

choosy when looking for a job. Employers may not have to provide the same level of benefits to retain current employees and would likely not have to “sell” a position and the organization’s benefits to a potential employee who may be more desperate for a job.

Conducting a similar study during higher unemployment may yield different results. Perhaps students will expect fewer benefits and will consider the ones they are offered as more important when deciding between jobs with similar pay.

Future studies should also include some sort of verbal communication of the benefits to determine if this increases the desired effect. Examining current employees can provide the researcher information on how the communication of benefits affected their decision to accept employment with the organization, as well as provide insight on how benefits communication and education affect job satisfaction and retention.

Future studies should measure the likelihood of the respondent using each benefit. It is likely that the benefits utilized by the employee more frequently will be considered more important. For example, childless applicants will likely view daycare as less important when deciding which job to accept than applicants with children. This information can be utilized by the employer to target the benefit package to the demographics typically hired.

Finally, because the results found that students who receive more information about nontraditional benefits are more likely to consider that benefit more important when deciding between job offers; whereas students who receive more information about traditional benefits are more likely to consider that benefit less important when deciding between job offers, future research should be done to help explain this occurrence. Perhaps, as previously suggested, students perceive traditional benefits as being worth

more monetarily than they actually are. Once they receive full knowledge of the total cost and their cost of the benefit, they are less likely to consider the benefit important when deciding between two jobs of similar pay. One way to further explore this would be to conduct a study asking respondents to estimate how much each traditional benefit would be worth utilizing a scale devised by the researcher. The results could then be compared to the actual cost of the benefit to determine perceptions on traditional benefit costs.

### *Summary*

In summary, this study makes evident the importance of correctly educating employees and potential employees on the employee benefits organizations offer. From a practical perspective, the results show that students seeking employment still view traditional benefits as valuable, so it is necessary to continue to offer these traditional benefits while adding work/life benefits to the package. It is not only necessary to offer these benefits to remain competitive, but the communication of the value of these benefits to employees is crucial as well. As the results of this study show, it is not just necessary to communicate traditional and nontraditional benefits uniformly, however.

Communicating the monetary value of nontraditional benefits to traditional college students and providing briefer information on traditional benefits is the most effective and will likely result in the greatest success for employers recruiting in today's market.



**APPENDIX 1**  
**SURVEYS**

Dear Graduating Senior:

Congratulations on your approaching graduation at Iowa State University. For numerous reasons, we are interested in determining what you deem as important in accepting a job offer. This information will be useful to students, career services staff, and recruiters in understanding the placement of Iowa State students following their graduation.

To help us better understand the influences on students' tendencies to accept job offers, please complete the following survey.

Please do not write your name anywhere on the survey to ensure anonymity and confidentiality. After the data has been collected, the surveys will be destroyed. The results will provide general information about job offer acceptance of ALL graduating students.

Thank you for taking the time to complete this survey.

Sincerely,

A handwritten signature in cursive script that reads "Melody Jennings".

Melody Jennings  
Graduate Student in Industrial Relations  
Career Advisor  
Business/LAS Career Services  
208 Carver Hall  
515.294.8419  
meljennings@excite.com

Please indicate on the attached scantron sheet your response to the following:

1. Sex: (1) Female (2) Male
  2. Age: (1) under 20 years (2) 20-22 (3) 22-24 (4) 24-26 (5) over 26 years
  3. Expected date of graduation:  
(1) May 2001 (2) August 2001 (3) December 2001 (4) May 2002 (5) Other
- Major: Please write your major in the "Name" section of the scantron sheet
4. Marital Status: (1) Single (2) Married (3) Separated (4) Divorced (5) Widowed
  5. Number of children for whom you are financially responsible living in your household:  
(1) 0 children (2) 1 child (3) 2 children (4) 3 children (5) 4 or more children

Please indicate the appropriate number for your level of agreement, according to the following scale, with each of the following statements:

(1) Strongly Agree (2) Agree (3) Neutral (4) Disagree (5) Strongly Disagree

6. Work can be organized to allow for human fulfillment. \_\_\_\_\_
7. The fewer hours one spends working and the more leisure time available the better. \_\_\_\_\_
8. Most people spend too much time in unprofitable amusements. \_\_\_\_\_
9. Work should allow for the use of human capabilities. \_\_\_\_\_
10. I feel uneasy when there is little work for me to do. \_\_\_\_\_
11. The job should be a source of new experiences. \_\_\_\_\_
12. The present trend toward a shorter workweek is encouraged. \_\_\_\_\_
13. Leisure time activities are more interesting than work. \_\_\_\_\_
14. Work can be made satisfying. \_\_\_\_\_
15. Work can be a means for self-expression. \_\_\_\_\_
16. More leisure time is good for people. \_\_\_\_\_
17. Our society would have fewer problems if people had less leisure time. \_\_\_\_\_
18. The workplace can be humanized. \_\_\_\_\_
19. Money acquired easily (such as through gambling or speculation) is usually spent unwisely. \_\_\_\_\_
20. Work can be made interesting rather than boring. \_\_\_\_\_
21. People who fail at a job have usually not tried hard enough. \_\_\_\_\_
22. Work takes too much of our time, leaving little time to relax. \_\_\_\_\_
23. A distaste for hard work usually reflects a weakness of character. \_\_\_\_\_
24. Work can be made meaningful. \_\_\_\_\_
25. Success means having ample time to pursue leisure activities. \_\_\_\_\_
26. One's job should give him a chance to try out new ideas. \_\_\_\_\_
27. Work can be made satisfying. \_\_\_\_\_
28. The self-made individual is likely more ethical than the person born to wealth. \_\_\_\_\_
29. Work should enable one to learn new things. \_\_\_\_\_
30. Most people who don't succeed in life are just plain lazy. \_\_\_\_\_

31. There are few satisfactions equal to the realization that one has done his or her best at a job. \_\_\_\_\_
32. The most difficult college courses usually turn out to be the most rewarding. \_\_\_\_\_
33. I often feel that I would be more successful if I sacrificed certain pleasures. \_\_\_\_\_
34. People should have more leisure time to spend in relaxation. \_\_\_\_\_
35. Anyone willing to work hard has a good chance of succeeding. \_\_\_\_\_
36. Life would have very little meaning if we never had to suffer. \_\_\_\_\_
37. Hard work offers little guarantee of success. \_\_\_\_\_
38. The credit card is a ticket to careless spending. \_\_\_\_\_
39. Life would be more meaningful if we had more leisure time. \_\_\_\_\_
40. The person who can approach an unpleasant task with enthusiasm is the person who gets ahead. \_\_\_\_\_
41. If people work hard enough, they are likely to make a good life for themselves. \_\_\_\_\_

**For the preceding section, please indicate how much of an effect the following benefits would have on your decision to accept a job offer ASSUMING THAT YOU ARE OFFERED TWO JOBS AT A SIMILAR PAY.**

**(1) Great Positive Effect    (2) Moderate Positive Effect    (3) Minimal Positive Effect    (4) No Effect**

42. Corporate sponsored on-site daycare center \_\_\_\_\_

43. On-site fitness center \_\_\_\_\_

44. In-house Employee Assistance Program \_\_\_\_\_

45. On-site dry cleaning \_\_\_\_\_

46. On-site convenience store \_\_\_\_\_

47. On-site cafeteria \_\_\_\_\_

48. Flexible work arrangements \_\_\_\_\_

49. Paid Time Off (PTO) \_\_\_\_\_

50. 401K plan \_\_\_\_\_

51. Medical Spending Account (MSA) \_\_\_\_\_

52. Medical insurance \_\_\_\_\_

53. Sick and vacation days \_\_\_\_\_

54. Dental insurance \_\_\_\_\_

55. Four day workweek \_\_\_\_\_

56. Telecommuting \_\_\_\_\_

57. 2 hour variable start and finish time \_\_\_\_\_

58. Maternity or paternity leave \_\_\_\_\_

59. Pet insurance \_\_\_\_\_

60. On-site legal assistance \_\_\_\_\_

61. Tuition reimbursement \_\_\_\_\_

62. Group term life insurance \_\_\_\_\_

63. Long term disability plan \_\_\_\_\_

64. Dependent Care Account (DSA) \_\_\_\_\_

Dear Graduating Senior:

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Thank you for taking the time to complete this survey.

Sincerely,

A handwritten signature in cursive script that reads "Melody Jennings". The signature is fluid and elegant, with a large, stylized 'M' and 'J'.

Melody Jennings  
Graduate Student in Industrial Relations  
Career Advisor  
Business/LAS Career Services  
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meljennings@excite.com

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2. Age: (1) under 20 years (2) 20-22 (3) 22-24 (4) 24-26 (5) over 26 years
3. Expected date of graduation:  
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- Major: Please write your major in the "Name" section of the scantron sheet
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(1) 0 children (2) 1 child (3) 2 children (4) 3 children (5) 4 or more children

Please indicate the appropriate number for your level of agreement, according to the following scale, with each of the following statements:

- (1) Strongly Agree (2) Agree (3) Neutral (4) Disagree (5) Strongly Disagree

6. Work can be organized to allow for human fulfillment. \_\_\_\_\_
7. The fewer hours one spends working and the more leisure time available the better. \_\_\_\_\_
8. Most people spend too much time in unprofitable amusements. \_\_\_\_\_
9. Work should allow for the use of human capabilities. \_\_\_\_\_
10. I feel uneasy when there is little work for me to do. \_\_\_\_\_
11. The job should be a source of new experiences. \_\_\_\_\_
12. The present trend toward a shorter workweek is encouraged. \_\_\_\_\_
13. Leisure time activities are more interesting than work. \_\_\_\_\_
14. Work can be made satisfying. \_\_\_\_\_
15. Work can be a means for self-expression. \_\_\_\_\_
16. More leisure time is good for people. \_\_\_\_\_
17. Our society would have fewer problems if people had less leisure time. \_\_\_\_\_
18. The workplace can be humanized. \_\_\_\_\_
19. Money acquired easily (such as through gambling or speculation) is usually spent unwisely. \_\_\_\_\_
20. Work can be made interesting rather than boring. \_\_\_\_\_
21. People who fail at a job have usually not tried hard enough. \_\_\_\_\_
22. Work takes too much of our time, leaving little time to relax. \_\_\_\_\_
23. A distaste for hard work usually reflects a weakness of character. \_\_\_\_\_
24. Work can be made meaningful. \_\_\_\_\_
25. Success means having ample time to pursue leisure activities. \_\_\_\_\_
26. One's job should give him a chance to try out new ideas. \_\_\_\_\_
27. Work can be made satisfying. \_\_\_\_\_
28. The self-made individual is likely more ethical than the person born to wealth. \_\_\_\_\_

29. Work should enable one to learn new things. \_\_\_\_\_
30. Most people who don't succeed in life are just plain lazy. \_\_\_\_\_
31. There are few satisfactions equal to the realization that one has done his or her best at a job. \_\_\_\_\_
32. The most difficult college courses usually turn out to be the most rewarding. \_\_\_\_\_
33. I often feel that I would be more successful if I sacrificed certain pleasures. \_\_\_\_\_
34. People should have more leisure time to spend in relaxation. \_\_\_\_\_
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37. Hard work offers little guarantee of success. \_\_\_\_\_
38. The credit card is a ticket to careless spending. \_\_\_\_\_
39. Life would be more meaningful if we had more leisure time. \_\_\_\_\_
40. The person who can approach an unpleasant task with enthusiasm is the person who gets ahead. \_\_\_\_\_
41. If people work hard enough, they are likely to make a good life for themselves. \_\_\_\_\_

For the preceding section, please indicate how much of an effect the following benefits would have on your decision to accept a job offer ASSUMING THAT YOU ARE OFFERED TWO JOBS AT A SIMILAR PAY.

(1) Great Positive Effect    (2) Moderate Positive Effect    (3) Minimal Positive Effect    (4) No Effect

42. Corporate sponsored on-site daycare center  
Employer has a daycare center on premise. \_\_\_\_\_
43. On-site fitness center  
Employer has a fitness center on premise. \_\_\_\_\_
44. In-house Employee Assistance Program  
Employer offers on-site counseling on issues such as marital problems, alcohol abuse, and stress management. \_\_\_\_\_
45. On-site dry cleaning  
Employer sponsored dry cleaning and other laundry services on premise. \_\_\_\_\_
46. On-site convenience store  
Store that sells grocery and basic convenience items. \_\_\_\_\_
47. On-site cafeteria  
Cafeteria on site that serves lunch. \_\_\_\_\_
48. Flexible work arrangements  
Employee permitted to work hours of their choice as long as they work 40 hours weekly and work is completed. \_\_\_\_\_
49. Paid Time Off (PTO)  
Paid time off where employee can combine vacation, sick, and personal days that allow a maximum carry over of 10 days to next year. \_\_\_\_\_
50. 401K plan  
Employer sponsored retirement plan that lets participants match employer contributions. \_\_\_\_\_



51. Medical Spending Account (MSA) \_\_\_\_\_  
An employee can contribute up to \$5,000 of pretax income that can be used to pay for qualifying medical expenses incurred during the calendar year. Surplus account balance is lost if not spent by yearend.
52. Medical insurance \_\_\_\_\_  
Employer sponsored medical insurance that pays 80% of covered medical costs after \$500, 100% after you pay \$1,500 in a plan year, and up to \$5,000,000 maximum benefit over your lifetime.
53. Sick and vacation days \_\_\_\_\_  
A predetermined number of paid sick days (i.e. 5) and vacation days (i.e. 10) after one year of employment that must be used each year otherwise they are lost.
54. Dental insurance \_\_\_\_\_  
Employer sponsored dental insurance that covers two teeth cleanings per year and pays 80% of other covered dental visits with a maximum yearly benefit of \$1,000.
55. Four day workweek \_\_\_\_\_  
Employee is allowed to work four ten-hour workdays.
56. Telecommuting \_\_\_\_\_  
Employee is allowed to work outside the office at least one day each week.
57. 2 hour variable start and finish time \_\_\_\_\_  
Employee is allowed to come to and leave work at a time of his/her choosing as long as it is two hours before or after a time designated by the employer.
58. Maternity or paternity leave \_\_\_\_\_  
Employee is allowed a designated amount of time away from the job for a parent after the birth of a child
59. Pet insurance \_\_\_\_\_  
Employer sponsored insurance for employee's pet that pays a percentage of covered veterinarian visits and surgeries.
60. On-site legal assistance \_\_\_\_\_  
Employer sponsored legal assistance such as consultations, divorce, drawing up wills etc.
61. Tuition reimbursement \_\_\_\_\_  
Employer helps pay for employee's college courses and professional development if successfully completed.
62. Group term life insurance \_\_\_\_\_  
Employer sponsored group life insurance that pays twice the employee's annual salary to named beneficiaries in case of employee's death.
63. Long term disability plan \_\_\_\_\_  
Employer sponsored coverage that pays employee 70 percent of their monthly compensation during the time employee is disabled.
64. Dependent Care Account (DSA) \_\_\_\_\_  
An employee can contribute up to \$5,000 of pretax income that can be used to pay for qualifying child or other dependent care costs incurred during the calendar year. Surplus account balance is lost if not spent by yearend.



Dear Graduating Senior:

Congratulations on your approaching graduation at Iowa State University. For numerous reasons, we are interested in determining what you deem as important in accepting a job offer. This information will be useful to students, career services staff, and recruiters in understanding the placement of Iowa State students following their graduation.

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Thank you for taking the time to complete this survey.

Sincerely,

A handwritten signature in black ink that reads "Melody Jennings". The signature is fluid and cursive, with the first name "Melody" written in a larger, more prominent script than the last name "Jennings".

Melody Jennings  
Graduate Student in Industrial Relations  
Career Advisor  
Business/LAS Career Services  
208 Carver Hall  
515.294.8419  
meljennings@excite.com

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1. Sex: (1) Female (2) Male  
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 3. Expected date of graduation:

(1) May 2001 (2) August 2001 (3) December 2001 (4) May 2002 (5) Other

Major: Please write your major in the "Name" section of the scantron sheet

4. Marital Status: (1) Single (2) Married (3) Separated (4) Divorced (5) Widowed  
 5. Number of children for whom you are financially responsible living in your household:  
 (1) 0 children (2) 1 child (3) 2 children (4) 3 children (5) 4 or more children

Please indicate the appropriate number for your level of agreement, according to the following scale, with each of the following statements:

(1) Strongly Agree (2) Agree (3) Neutral (4) Disagree (5) Strongly Disagree

- |  |       |
|--|-------|
| 6. Work can be organized to allow for human fulfillment.                                       | _____ |
| 7. The fewer hours one spends working and the more leisure time available the better.          | _____ |
| 8. Most people spend too much time in unprofitable amusements.                                 | _____ |
| 9. Work should allow for the use of human capabilities.  | _____ |
| 10. I feel uneasy when there is little work for me to do.                                      | _____ |
| 11. The job should be a source of new experiences.   | _____ |
| 12. The present trend toward a shorter workweek is encouraged.                                 | _____ |
| 13. Leisure time activities are more interesting than work.                                    | _____ |
| 14. Work can be made satisfying.   | _____ |
| 15. Work can be a means for self-expression.   | _____ |
| 16. More leisure time is good for people.  | _____ |
| 17. Our society would have fewer problems if people had less leisure time.                     | _____ |
| 18. The workplace can be humanized.  | _____ |
| 19. Money acquired easily (such as through gambling or speculation) is usually spent unwisely. | _____ |
| 20. Work can be made interesting rather than boring.   | _____ |
| 21. People who fail at a job have usually not tried hard enough.                               | _____ |
| 22. Work takes too much of our time, leaving little time to relax.                             | _____ |
| 23. A distaste for hard work usually reflects a weakness of character.                         | _____ |
| 24. Work can be made meaningful.   | _____ |
| 25. Success means having ample time to pursue leisure activities.                              | _____ |
| 26. One's job should give him a chance to try out new ideas.                                   | _____ |
| 27. Work can be made satisfying.   | _____ |
| 28. The self-made individual is likely more ethical than the person born to wealth.            | _____ |

29. Work should enable one to learn new things. \_\_\_\_\_
30. Most people who don't succeed in life are just plain lazy. \_\_\_\_\_
31. There are few satisfactions equal to the realization that one has done his or her best at a job. \_\_\_\_\_
32. The most difficult college courses usually turn out to be the most rewarding. \_\_\_\_\_
33. I often feel that I would be more successful if I sacrificed certain pleasures. \_\_\_\_\_
34. People should have more leisure time to spend in relaxation. \_\_\_\_\_
35. Anyone willing to work hard has a good chance of succeeding. \_\_\_\_\_
36. Life would have very little meaning if we never had to suffer. \_\_\_\_\_
37. Hard work offers little guarantee of success. \_\_\_\_\_
38. The credit card is a ticket to careless spending. \_\_\_\_\_
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40. The person who can approach an unpleasant task with enthusiasm is the person who gets ahead. \_\_\_\_\_
41. If people work hard enough, they are likely to make a good life for themselves. \_\_\_\_\_

For the preceding section, please indicate how much of an effect the following benefits would have on your decision to accept a job offer ASSUMING THAT YOU ARE OFFERED TWO JOBS AT A SIMILAR PAY. The total cost indicated is the cost of the benefit to the employer. The your cost indicated is the cost to the employee.

(1) Great Positive Effect    (2) Moderate Positive Effect    (3) Minimal Positive Effect    (4) No Effect

42. Corporate sponsored on-site daycare center  
Employer has a daycare center on premise.  
*Total cost of benefit: \$100/week per child* *Your cost: \$80/ week per child* \_\_\_\_\_
43. On-site fitness center  
Employer has a fitness center on premise.  
*Total cost of benefit: \$30/month for single membership* *Your cost: \$0* \_\_\_\_\_
44. In-house Employee Assistance Program  
Employer offers on-site counseling on issues such as marital problems, alcohol abuse, and stress management.  
*Total cost of benefit: \$110/hour per session* *Your cost: \$0* \_\_\_\_\_
45. On-site dry cleaning  
Employer sponsored dry cleaning and other laundry services on premise.  
*Total cost of benefit: \$1.50 per shirt dry cleaned* *Your cost: \$1.00 per shirt dry cleaned* \_\_\_\_\_
46. On-site convenience store  
Store that sells grocery and basic convenience items.  
*Prices are 20% less than off-site convenience store.* \_\_\_\_\_
47. On-site cafeteria  
Cafeteria on site that serves lunch.  
*Total cost of benefit: \$5.00 per lunch* *Your cost: \$3.00 per lunch* \_\_\_\_\_
48. Flexible work arrangements  
Employee permitted to work hours of their choice as long as they work 40 hours weekly and work is completed. \_\_\_\_\_

## 49. Paid Time Off (PTO)

Paid time off where employee can combine vacation, sick, and personal days that allow a maximum carry over of 10 days to next year.

*I.e. \$40,000 annual salary and three weeks paid time off results in \$2307.69 of paid time off each year.*

## 50. 401K plan

Employer sponsored retirement plan that lets participants match employer contributions.

*I.e. For every 1% of salary that you contribute the employer contributes 2% up to a maximum total contribution of 15%. For a \$40,000 annual salary, the maximum employer contribution is \$4,000.*

## 51. Medical Spending Account (MSA)

An employee can contribute up to \$5,000 of pretax income that can be used to pay for qualifying medical expenses incurred during the calendar year. Surplus account balance is lost if not spent by yearend.

*I.e. If your laser eye surgery cost \$4,000 and you use the MSA option your actual cost would be \$2,800.*

## 52. Medical insurance

Employer sponsored medical insurance that pays 80% of covered medical costs after \$500, 100% after you pay \$1,500 in a plan year, and up to \$5,000,000 maximum benefit over your lifetime.

*Total cost of benefit: \$250 per month*

*Your cost: \$40 per month*

## 53. Sick and vacation days

A predetermined number of paid sick days (i.e. 5) and vacation days (i.e. 10) after one year of employment that must be used each year otherwise they are lost.

*I.e. \$40,000 annual salary with five paid sick days and 10 paid vacation days results in \$2307.69 of paid time off each year if all fifteen days are utilized that year.*

## 54. Dental insurance

Employer sponsored dental insurance that covers two teeth cleanings per year and pays 80% of other covered dental visits with a maximum yearly benefit of \$1,000.

*Total cost of benefit: \$9 per month*

*Your cost: \$0*

## 55. Four day workweek

Employee is allowed to work four ten-hour workdays.

## 56. Telecommuting

Employee is allowed to work outside the office at least one day each week.

## 57. 2 hour variable start and finish time

Employee is allowed to come to and leave work at a time of his/her choosing as long as it is two hours before or after a time designated by the employer.

## 58. Maternity or paternity leave

Employee is allowed a designated amount of time away from the job for a parent after the birth of a child

*\$769.23 PTO per each week leave is allowed. I.e. Six-week leave would result in \$4615.38 of paid time off.*

## 59. Pet insurance

Employer sponsored insurance for employee's pet that pays a percentage of covered veterinarian visits and surgeries.

*Total cost of benefit: \$15/month per pet*

*Your cost: \$10/month per pet*

## 60. On-site legal assistance

Employer sponsored legal assistance such as consultations, divorce, drawing up wills etc.

*Total cost of benefit: \$125 per hour*

*Your cost: \$50*

## 61. Tuition reimbursement

Employer helps pay for employee's college courses and professional development if successfully completed.

*Maximum tuition benefit: \$3,000 per year*

## 62. Group term life insurance

Employer sponsored group life insurance that pays twice the employee's annual salary to named beneficiaries in case of employee's death.

*I.e. \$40,000 salary would result in a \$80,000 death benefit.*

*Total cost of benefit: \$27.38 per month*

*Your cost: \$0*

## 63. Long term disability plan

Employer sponsored coverage that pays employee 70 percent of their monthly compensation during the time employee is disabled.

*I.e. \$40,000 salary would result in a maximum annual benefit of \$28,000 per year.*

*Total cost of benefit: \$22 per month*

*Your cost: \$0*

## 64. Dependent Care Account (DSA)

An employee can contribute up to \$5,000 of pretax income that can be used to pay for qualifying child or other dependent care costs incurred during the calendar year. Surplus account balance is lost if not spent by yearend.

*I.e. If your dependent care cost is \$400 per month and you use the DCA option your actual would be \$280.*

**APPENDIX 2**  
**ROTATED COMPONENT MATRIX**



### ROTATED COMPONENT MATRIX

	<b>Traditional</b>	<b>Nontraditional</b>
	<b>Benefits</b>	<b>Benefits</b>
ITEM 42	.228	.247
ITEM 43	.06940	<b>.520</b>
ITEM 44	.06258	<b>.594</b>
ITEM 45	-.122	<b>.776</b>
ITEM 46	.09246	<b>.749</b>
ITEM 47	.0899	<b>.632</b>
ITEM 48	.394	.349
ITEM 49	.544	.03361
ITEM 50	<b>.554</b>	-.03777
ITEM 51	<b>.562</b>	.06496
ITEM 52	<b>.693</b>	-.07443
ITEM 53	<b>.730</b>	-.01066
ITEM 54	<b>.638</b>	.05863
ITEM 55	.335	.370
ITEM 56	.275	<b>.551</b>
ITEM 57	.327	<b>.429</b>
ITEM 58	<b>.478</b>	.280
ITEM 59	.06734	<b>.505</b>
ITEM 60	.169	<b>.580</b>
ITEM 61	<b>.409</b>	.291
ITEM 62	<b>.577</b>	.190
ITEM 63	<b>.611</b>	.187
ITEM 64	<b>.500</b>	.272

#### Percent of Variance Explained

Traditional Benefits  
18.538

Nontraditional Benefits  
16.519

## **APPENDIX 3**

### **T-TEST**

## T-TEST

### Paired Samples Statistics

	Mean	N	Std. Deviation	Std. Error Mean
Pair 1				
NONTRAD	2.1979	425	.5450	.02643
TRAD	1.5125	425	.4218	.02046

### Paired Samples Correlations

		N	Correlation	Sig.
Pair 1	NONTRAD&TRAD	425	.349	.000

### Paired Samples Test

		Paired Differences					
				Std. Error Mean	95% Confidence Interval of the Difference		
Pair 1		Mean	Std. Deviation		Lower	Upper	t
NONTRAD & TRAD		.6853	.5609	.02721	.6319	.7388	25.188

### Paired Samples Test

		Df	Sig (2-tailed)
Pair 1	NONTRAD&TRAD	424	.000

**APPENDIX 4**  
**ONEWAY ANOVA FOR SURVEY FORM**

# ONEWAY ANOVA FOR SURVEY FORM

	Sum of Squares	Df	Mean Squares	F	Sig
<b>TRAD</b>					
Between Groups	1.878	2	.939	5.245	.006
Within Groups	75.378	421	.179		
Total	77.256	423			
<b>NONTRAD</b>					
Between Groups	1.977	2	.989	3.205	.042
Within Groups	130.158	422	.308		
Total	132.135	424			

## Post Hoc Tests

### Homogeneous Subsets

### Student-Newman-Keuis

#### Traditional Benefits

Form Type	N	Subset for	Alpha = .05
		1	2
1	125	1.4825	
2	152	1.4848	
3	147		1.6236
Sig.		.963	1.000

## Post Hoc Tests

### Homogeneous Subsets

### Student-Newman-Keuis

#### Nontraditional Benefits

Form Type	N	Subset for	Alpha = .05
		1	2
3	147	2.2326	
2	153	2.3143	2.3143
1	125		2.4036
Sig.		.218	.177

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